

# THE SCANA LETTER

A Fresh Look at Economic Development  
from SCANA Corporation

*Power for the Way You Work*

May 2008 Unemployment	N. Carolina 5.8%	S. Carolina 6.5%	National 5.5%
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Second Quarter 2008

Dear Allies:

The U.S. economy digs its heels in, gas prices steer transportation and energy practices in a new direction, small towns prove once again they are the heart and strength of the nation, and the nuclear industry powers up:

## Around South Carolina

**South Carolina's economy is faring well.** According to the Bureau of Economic Analysis' recently released 2007 figures, **South Carolina is one of 14 states that had accelerating growth.** With a real gross domestic product that improved to 2 percent last year, **South Carolina is performing better than the Southeast region as a whole.**

**Who is quietly capturing a significant chunk of the insurance industry? South Carolina.** According to *SCBIZ* business magazine, South Carolina has the third largest captive insurance market in the U.S. and 10<sup>th</sup> largest in the world. **Business-friendly industry laws, as well as readily available legal, regulatory, accounting and financial expertise,** provide the nourishment feeding the non-traditional insurance industry's rapid growth.

**South Carolina made the top of the supply chain list,** according to *World Trade Magazine*, which recognized the state as **one of the nation's "best kept supply chain secrets."** According to the magazine, major marketers, such as Wal-Mart, Target, FedEx, Bosch and U.S. Lumber, are quietly relocating internal distribution centers to the state. Some contributing factors for the relocations include the **1,300 acre, state-of-the-art distribution complex planned for Orangeburg** by Dubai-based Jafza International, and the **new container terminal under construction** on the old Charleston Navy Base, **which will expand the Port of Charleston by 50 percent.**

In another link of the supply chain: **The Port of Charleston was identified as the most productive port** in the supply chains of North American and Asian shipping industries, according to a poll of shipping, shipping service and supply-chain industry executives conducted by *Cargo Business News*, an industry trade publication.

**The Greenville-Spartanburg region is the fourth least-costly place to do business** among mid-sized U.S. cities or regions, according to the rankings in KPMG LLP's 2008 Competitive Alternatives study. The region's **high ranking was due to low building and transportation costs**

**as well as a low income tax rate.** The study measured 27 cost components, including utilities, labor, taxes and real estate. KPMG is an international audit, tax and business advisory firm.

**Charleston was voted as America's Most Mannerly City for the 11th time,** receiving the Lifetime Achievement Award. Per the competition host, the Charleston School of Protocol and Etiquette, **Charleston won by a landslide,** with Savannah, Georgia, coming in second.

### North Carolina Perspectives

**Eleven North Carolina micropolitan areas made the "2007 Top Micros by Number of Projects" list,** as tracked by *Site Selection* publisher Conway Data Inc.'s New Plant Database. **North Carolina had more micropolitan areas on the list than any other state.** Its micros included No. 1 ranked Thomasville-Lexington, which had 30 corporate real estate projects.

Conway Data also ranked **North Carolina top in the South Atlantic Region and fourth in the nation for new corporate facilities and expansions** over a three-year period between 2005 and 2007. North Carolina had a total of 1,019 projects.

*Site Selection* ranked North Carolina third in its 2007 Top Ten Competitive States list. **Two North Carolina projects made the magazine's Top Deals in North America list.** The \$600 million, 210-job **Google data center project in Lenoir** and the \$100 million, 350-job **Honda Aircraft project in Greensboro** were deemed among the **best economic deals of the year.**

Some of **North Carolina's deal-making success is attributed to its effective recruiting programs,** including the William S. Lee Quality Jobs and Expansion Act, One North Carolina Fund and the **Job Development Investment Grant (JDIG) Program.** North Carolina has awarded 78 JDIG grants since the program's start in 2003, securing commitments for 30,808 jobs and \$5.378 billion in investment for the state. The grant recipients could realize up to **\$464 million in benefits** if they live up to the job creation agreements.

### The Southeast and Beyond

**The South emerged again as a top destination** in a study released by United Van Lines, the nation's largest residential moving company. In United's study of people's moving habits, **North Carolina led the nation in the highest percentage of inbound moves, and South Carolina continued a 14-year trend of inward migration.** The warm climate, low taxes and job growth make the Carolinas attractive.

**Seventeen Southern site selection projects were recognized with 2008 Corporate Investment and Community Impact (CiCi) Awards** according to *Trade & Industry Development* magazine. **Eleven sites in South Carolina, Alabama, Mississippi, Virginia and Texas** were recognized for corporate investment. **Six sites in North Carolina, Georgia, Louisiana, Kentucky and Tennessee** were recognized for community impact.

**Six southern states** - North Carolina, Tennessee, Texas, Virginia, Florida and Kentucky - **made the top ten list for the most new or**

**expanded capital projects in 2007**, as tracked by *Site Selection* publisher Conway Data Inc.'s New Plant Database.

## Energy News

**Business customer satisfaction with electric utilities has reached record high levels**, according to the J.D. Power and Associates 2008 Electric Utility Business Customer Satisfaction Study. **CPS Energy led the Southern region and was second highest in the nation** in overall customer satisfaction. **South Carolina Electric & Gas Company (SCE&G) was the second highest rated utility of 13 Southern utilities, and third highest in the nation in overall customer satisfaction.** Overall customer satisfaction is measured through six factors: power quality and reliability; customer service; company image, billing and payment; price; and communications. J.D. Power and Associates is a global marketing information services firm. The study was based on interviews with more than 13,500 U.S. businesses that spend up to \$50,000 monthly on electricity.

**The nuclear energy industry is powering up.** The Nuclear Regulatory Commission (NRC) has received applications to build **15 new reactors** in eight states, the first of which could go online in 2016. **Applications for up to 12 more reactors are expected later this year.** It has been 30 years since the NRC last approved a new reactor construction license. **The nuclear revival is attributed to tax incentives** included in the 2005 energy bill, coupled with a soaring demand for electricity and the probability of increasing emissions controls and taxes on coal plants. **The majority of the new nuclear plants will be located in the South.**

In South Carolina, SCE&G, with partner Santee Cooper, a state-owned utility, filed an application with the NRC to build **two nuclear power units** at the V.C. Summer Nuclear Station in **Fairfield County**. Although **the new plants** are needed to meet electric generation needs, they **will also serve to energize the local economy and the job market.** The new nuclear plants are expected to generate up to **4,000 temporary jobs during construction, and 800 to 1,000 permanent jobs once both plants are online.** The first plant is expected to go online in 2016; the second in 2019.

**An application for these two new plants was also filed under South Carolina's new Base Load Review Act** which allows for rate adjustments during plant construction **to recover project financing costs.** According to SCE&G President Kevin Marsh, **this will enable SCE&G to save an estimated \$1 billion in construction costs, and save customers around \$4 billion in electric rates over the life of the new units.** Building the new plants at the existing nuclear plant site and sequential construction is expected to help further reduce costs. Workers will shift to the second plant as the building phases of the first one are completed.

**Other nuclear license news from the South:** Duke Energy filed an application to build **two new nuclear plants** at its Lee Nuclear Station site **near Charlotte in Cherokee County, South Carolina;** Progress Energy filed for a license to build **two new plants** at its Harris site **in Wake County, North Carolina;** Southern Company filed for a license to add **two new plants** to its Vogtle site **near Augusta in Burke County,**

Georgia; and applications for **eight new plants in Texas**, and **10 new plants in Alabama, Louisiana, Mississippi, Virginia and Florida** either have been received or are expected to be received this year.

#### SC Announcement Highlights

- o **Shaw Industries Group, Inc.**, the world's largest carpet manufacturer, is expanding its manufacturing operations in Lexington County. The company anticipates investing \$60 million and creating 350 new jobs over the next five years in an upfit of its Lexington County plant for polymer chip production. The chips will be used to generate carpet yarn.
- o **Southern Color N.A.** opened a new \$5 million, 60,000 square foot cement coloring plant in April in Harleyville (Dorchester County).
- o **FPL Food, Inc.**, the largest privately owned, fully integrated beef processing facility in the Southeast, is investing \$4.29 million and creating over 100 jobs in an expansion in Lexington County, where it will process beef for the retail and restaurant sectors. The Georgia-based company plans to move a portion of its Augusta workforce to the new plant.
- o **H.J. Heinz Company**, the world's leading producer and marketer of branded foods, will break ground in 2009 on new manufacturing operations in Florence County, where it will produce Weight Watchers®, Smart Ones® and Boston Market® frozen entrées. The new facility is expected to create 350 jobs.
- o **2AM Group, LLC**, a technical support company that started two years ago with a BMW contract in the Upstate region, is expanding into Charleston. The company provides engineering, logistics and other services to automotive, aerospace and marine industries and sees a growing market in the Lowcountry. The expansion is expected to create 50 jobs.

Best to you,



Sharon K. Dovell, Editor



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SCANA, headquartered in Columbia, South Carolina, is an energy-based holding company that works in partnership with the S.C. Department of Commerce, regional alliances and site selection consultants to assist with relocations and expansions in the Carolinas. We provide natural gas to more than 1.2 million customers in South Carolina, North Carolina and Georgia and electricity to approximately 643,000 customers in South Carolina. Please visit us on the Web at [www.scana.com](http://www.scana.com) or call us at 803-217-9005.

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